NOTIFICATION.

No. L.D. 3333—Legis. 8-50-18, dated Bangalore, 8th March 1951.

Ordered that the following Taxation on Income (Investigation Commission) Amendment Bill, 1951 (3 of 1951), published in the *Gazette of India*, Part II, Section 2, dated the 17th February 1951, be republished in the *Mysore Gazette*, for general information.

By Order of His Highness the Maharaja,

B. S. PUTTASWAMY,
Legal Remembrancer and Secretary to Government, Law Department.

PART II—SECTION 2

BILLS AND REPARTS OF SELECT COMMITTEES ON BILLS

PARLIAMENT OF INDIA

The following Bill was introduced in Parliament on the 12th February, 1951 :—

BILL NO. 3 OF 1951

A Bill further to amend the Taxation on Income (Investigation Commission) Act, 1947.

BE it enacted by Parliament as follows :—

1. *Short title.*—This Act may be called the Taxation on Income (Investigation Commission) Amendment Act, 1951.

2. *Amendment of section 4, Act XXX of 1947.*—In sub-section (*3*) of section 4 of the Taxation on Income (Investigation Commission) Act, 1947, for the words and figures "may extend its term of appointment for any period up to the 31st day of March, 1951" the words "may, if it thinks fit, extend its term of appointment from time to time" shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The Income Tax Investigation Commission was set up after the partition of India under the Taxation on Income (Investigation Commission) Act, 1947, which was passed in the Budget Session of 1947. The members of the Commission entered on their duties on 1st December, 1947. The Commission was

charged with two functions under the Statute—(i) to report to the Central Government on all matters relating to taxation with particular reference to the extent to which the existing law for assessment and collection of taxes was adequate to prevent the evasion thereof, and (ii) to investigate into particular cases of tax evasion referred to it by the Central Government.

In the year 1948 the Commission applied itself mainly to its first function and submitted at the end of the year, a report which has been published. A Bill incorporating, among others, such recommendations of the Commission which have been accepted by Government is expected to be ready shortly. With regard to its second function, the Commission suggested certain amendments to the Investigation Commission Act to enable it to function effectively. It organized its investigating machinery, and completed a considerable amount of necessary spadework preparatory to the actual investigation of the referred cases.

In all, 1,304 cases were referred to the Commission by the Central Government and 86 cases were referred on reports made by the Commission under section 5(4) of the Act. Out of 1,390 cases the Commission has disposed of till the 31st January, 1951, 377 cases involving evaded income of about Rs. 11.81 crores on which the tax payable is about Rs. 8 crores. The number of cases still pending with the Commission is 1,013 involving about 130 groups. The Commission is now busy with the investigation of some of the most important cases.

It has been found that the existence of a time-limit to the term of appointment of the Commission encouraged many persons to adopt dilatory tactics in the hope that the investigation of their cases would lapse by efflux of time. Government are advised that if there were no such time-limit, many more cases would have by now been finished or settled. Having regard to the quantum of work still remaining on hand and with a view to expediting the completion of the pending cases, it is proposed to amend the law so as to remove the statutory limit to the Commission's term of appointment and to enable the Central Government to extend its term from time to time.

C. D. DESHMUKH.

NEW DELHI;

The 31st January, 1951

M. N. KAUL,

Secretary.